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Introduction to the Active Partners Performance System (APPS)

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Revision Sheet

Revision No.	Date	Revision Description
Rev. 1	04/30/10	Added New Submission type: Modified TPA
Rev. 2	10/30/10	Modified description for Modified TPA.

1.0 Introduction to the Active Partners Performance System (APPS)

The Active Partners Performance System (APPS) was developed to automate the submission and review of the HUD Previous Participation Certification Process (Form 2530). This User guide provides the basic steps to perform necessary functions within APPS. The HUD-2530 form initiates the approval process for Industry entities who would participate in a HUD project. The HUD-2530 contains data concerning principal participants in Multifamily Housing projects, including their previous participation with HUD and other housing agencies. An approved Previous Participation Certification is a prerequisite for approval of various applications to do business with HUD. Data originating with the Previous Participation Certification process will support Housing Asset Management, Project Development activities, the Real Estate Assessment Center and Enforcement Center activities.

1.1 Background

In order for individuals or corporate entities to “participate” or play a role in a Multifamily Housing property, they must obtain HUD’s approval. Applicants may request HUD’s approval by submitting a HUD-2530 (Previous Participation Certification) form to the Field Office responsible for overseeing the specific property. Applicants must submit a 2530 when one of these conditions is met:

- An issue relevant to their participation in a property changes. For example, the entity has applied to refinance or rehabilitate the property, or has a change in their organization structure that must be disclosed to HUD.
- An entity that currently participates in a property and wants to assume an additional role.
- An entity wants to participate in a property in which they do not currently have a participating role.

The HUD-2530 form requires applicants to provide detailed information concerning their current organization makeup, their past participation, and their performance in housing projects. When describing their current organization makeup,

applicants must describe the current organization structure, (i.e., the principal organizations and individuals; the applicant tier and principal tiers – those tiers that define the structure of organizations in the applicant tier,) as well as each principal's percent ownership and organization role in its parent entity. In the "History of Participation" portion of the HUD-2530, applicants must identify the HUD Multifamily and other projects that the principals have previously or are currently participating in, and note significant problems (e.g., mortgage default) as well as the results of the latest management and physical inspection reviews during their project tenure. All organizations and individuals listed on a HUD-2530, or their designee, must certify to the authenticity of the information on the form.

HUD reviews each HUD-2530 that is submitted and determines the applicant's suitability to participate in light of their record in carrying out past financial, legal and contractual obligations in a satisfactory and timely manner. HUD receives approximately 10,000 submissions annually. Most are decided at the local Field Office. The Field Office forwards HUD-2530s with significant prior participation problems, numbering about 1,000 submissions annually, to Headquarters for review and disposition.

In 1998, a housing re-engineering task group met with major Industry partners to discuss their suggestions for improving the prior 2530 process. The Active Partners Performance System is the result of these joint HUD and Industry sessions. APPS re-engineers the HUD-2530 process and is the replacement for the current Previous Participation Review System (PPRS) F19. APPS automates both the process Industry participants use to submit HUD-2530 information and the process HUD staff use to review and approve the submissions. Using the internet as the communications vehicle, the principal participants will enter their data directly into APPS. APPS will then present any possible findings to HUD staff for review.

Housing has designed APPS to satisfy four major objectives:

- **Automate the HUD-2530 processes** — APPS allows Industry Business Partners to enter submissions and to check on the status of submissions via the internet, and enables HUD staff to review these submissions on-line.
- **Reduce the significant paperwork burden and preparation time for HUD-2530s** - APPS maintains the repetitive Industry information, such as principals in each organization, and incorporates it automatically into the 2530 submissions, enabling Industry to create a submission in significantly less time.
- **Standardize the HUD-2530 processes nationwide** - APPS tracks submissions through each stage of the life cycle, checks the 2530 applicants and their principals against relevant information sources, and presents the findings automatically to the HUD reviewer.
- **Enable HUD to track Industry Business Partners that are currently participating or have sought a role in Multifamily properties** - APPS maintains a history of HUD-2530 submissions and the principals in each Industry entity.

APPS Provides:

- ***Information Tracking*** - facilitates tracking of submissions and the changes Users make to information in APPS.
- ***User Security*** - security requirements are defined for HUD and Industry users.
- ***Participant and Organization Structure Information*** - information is maintained that Industry Business Partners must supply about each entity, and the structure of their organizations.

1.2 Submissions

There are four types of HUD-2530 submissions:

- **Baseline** - allows an organization to identify their principals and Previous Participation.
- **Property** - allows an entity to seek HUD's approval to play a specific role in a particular property.
- **Organization Change** - enables an organization to add, edit, or remove principals, or to change a principal's role, ownership percentage, starting date within an entity.
- **Identity Change** - enables an organization to change its legal structure, and type of ownership.

Several of the submission types have specific sub-types that constitute the reason for the submission:

- Property Submissions
 - Assignment/Assumption of HAP Contract
 - Change/New Management Agent
 - Existing Application for other Subsidies
 - Mark-to-Market
 - New Application for Capital Advance Grants
 - New Application for Mortgage Insurance
 - New Role for Property
 - Property Disposition Sale/Foreclosure Sale
 - Proposed New Property

- Refinance Application for Mortgage Insurance
- Rehabilitation
- Transfer of Physical Assets
- Organization Change Submissions
 - Corporate Buyout
 - Major Organization Change (adding a principal, changing a principal's role within an organization, changing the percentage of ownership)
 - Modified Transfer of Physical Assets
 - Court Order\Inheritance
 - Minor Organization Change (Removing a principal)

1.3 Submission Review

Certain submissions require review by HUD staff, whereas others do not.

- **Baseline Submissions** do not require a review and therefore would not go through the review process. Until a True Submission is submitted. True Submissions are proper Organization Changes, Identity Changes, Corporate Buyouts and Major Organization Changes, Modified Transfer of Physical Assets and Property Submissions.
- **Property Submissions** do require a review in order to be approved. The Field Office must first review Property Submissions.
- **Organization Change Submissions** Major Organization Change and Corporate Buyout require review. Other Organization Change Submissions (Court Order\Inheritance, Corporate Buyout and Minor Organization Changes) do not require a review. The system identifies whether the organization change is major or minor.

- **Modified Transfer of Physical Assets (Modified TPA) Submissions** require a Headquarters review in order to be approved.
- **Identity Change Submissions** require a Headquarters review in order to be approved.